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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Safe and Reliable Gas Systems in California and Perform Long-Term Gas System Planning.	Rulemaking 24-09-012

ADMINISTRATIVE LAW JUDGES' RULING SEEKING COMMENTS REGARDING INTERIM ACTIONS

This ruling seeks party comments on the questions posed in Attachment A to this ruling. Opening comments are due January 10, 2025, and reply comments are due January 31, 2025.

IT IS RULED that parties may file opening comments responding to the questions posed in Attachment A by January 10, 2025, and reply comments by January 31, 2025.

Dated November 13, 2024, at San Francisco, California.

/s/ DAVID VAN DYKEN	/s/ ROBYN PURCHIA
David Van Dyken Administrative Law Judge	Robyn Purchia Administrative Law Judge

ATTACHMENT A:

QUESTIONS FOR PARTIES

1. *Understanding Interim Actions*

   a. What current or anticipated proceedings offer opportunities for the Commission to guide utilities in reducing system and ratepayer costs and facilitating decarbonization? (*E.g.*, general rate case proceedings.)

   b. Beyond guidance the Commission can provide to utilities in current or anticipated proceedings, what other interim actions should the Commission consider? (*E.g.*, specific programs, principles to guide or streamline future decision-making, etc.)[1]

   c. Should the Commission establish timelines for utilities to implement interim actions that are not already part of recurring proceedings? (*E.g.,* within 6 or 12 months.)

2. *General Rate Case Information Requirements*

   What additional information should the Commission require utilities to provide as part of their general rate case (GRC) applications to support affordability, equity, and access to decarbonization in the context of the gas transition?

   a. *Proportional Depreciation.* Should the Commission require gas and electric utilities to propose a proportional depreciation option[2] in their next rate case, in addition to a standard straight-line depreciation option?[3] Why or why not?

      i. Should the Commission specify certain demand assumptions for this approach, and if so, what should they be? Should the Commission revisit demand

[1] The Commission's mandates under Senate Bill 1221 are not considered an interim action for purposes of this question.

[2] Proportional depreciation is a ratemaking approach that allocates costs evenly across demand, regardless of the year demand occurs.

[3] Straight-line depreciation is the current ratemaking approach that allocates costs across years and then across demand within that year.

assumptions and forecasts on a regular basis, and if so, how and in what time frames?

ii. Are the criteria listed on page 659 of Decision 23-10-069 appropriate for reviewing alternatives to straight-line depreciation? If not, what changes to the criteria should the Commission make?

b. *Fixed Charges.* Should the Commission require gas utilities to propose rate options with and without a fixed charge in their next rate case? If so, how large should the fixed charge be?

c. *Demand Forecasts.* Should the Commission require gas and electric utilities to provide tables comparing their demand forecasts for GRC purposes with other existing demand forecasts including those used in the California Gas Report, Integrated Energy Policy Report (IEPR, published by the California Energy Commission), Gas Transmission and Storage Cost Allocation and Rate Design proceedings, and Integrated Resource Planning (electricity generation demand for gas) proceedings, and explain the rationale for any differences? Why or why not?

d. *Cost-Shifting.* Should the Commission require multi-fuel utilities to provide information on funds spent on electrification that were previously identified or allocated for gas infrastructure? If so, what information should be required?

3. *Clarity Regarding Cost-Shifting Authority*

Should the Commission clarify that revenue collection authorized by a GRC for gas-related expenditures, including capital costs, can or cannot be used for non-gas alternatives if they are cheaper than the gas-related expenditures they replace, on a net present value basis? Why or why not?

a. Can this clarification apply broadly, without predetermining whether the resulting expenditures constitute capital or expense?

b. Alternately, should the Commission create a standard for how such costs should be recovered (*e.g.*, determining whether the utility can recover or earn a rate of return on behind-the-meter capital costs and, if so, at what rate and over what period)? Or can this only be done on a case-by-case basis, and if so, what factors should the Commission consider?

4. *Non-Pipeline Alternatives to Distribution Repairs*

   Can the Commission require gas utilities to consider non-pipeline alternatives for each distribution pipeline or regulator station repair or replacement project or set of projects? If so, should the Commission do so?

   a. What should the roles of the Commission, the utility, the customer, contractors, and/or others be in that consideration? For example, under what circumstances, if at all, should the Commission require the utility to offer non-pipeline alternatives to customers before replacing the mains, services, or regulator stations serving them?

   b. What should that process be like and on what timeline?

(END OF ATTACHMENT A)